

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

Brent Murrow,

Petitioner-Appellant,

v.

Polk County Board of Review,

Respondent-Appellee.

ORDER

**Docket No. 11-77-0472
Parcel No. 311/00282-010-010**

On January 26, 2012, the above captioned appeal came on for hearing before the Iowa Property Assessment Appeal Board under Iowa Code sections 441.37A(2)(a-b) and Iowa Administrative Code rules 701-71.21(1) et al. The Appellant Brent Murrow was self-represented. The Polk County Board of Review was represented by Assistant County Attorney David Hibbard. The Appeal Board having reviewed the entire record, heard the testimony, and being fully advised, finds:

Findings of Fact

Brent Murrow, owner of a residentially classified property located at 2301 NE Chevalia Court, Grimes, Iowa, appeals from the Polk County Board of Review decision regarding his 2011 property assessment. The January 1, 2011, assessment is allocated as follows: \$68,000 in land value and \$492,400 in improvement value for a total assessment of \$560,400.

The subject property is a one-story, single-family home built in 2009. The improvements include 2507 square feet of above-grade finish: a full, walk-out basement with 2030 square feet of living-quality finish; and an 1144 square-foot, four-car attached garage. Additional improvements include a 40 square-foot, open porch on the front; a 304 square-foot, open porch on the rear; and a 304 square-foot patio. The home has a 0-10 grade. According to the Assessor's Office a 0 grade is

equivalent to an E grade¹ in the 2008 *Iowa Real Property Appraisal Manual*. The subject site is 0.381 acres.

Murrow protested his assessment to the Polk County Board of Review. He contended his property assessment was not equitable as compared with the assessments of other like property under Iowa Code Section 441.37(1)(a), and that his property was assessed for more than the value authorized by law under Section 441.37(1)(b). He asserted the correct value of the subject property was \$358,000.

The Board of Review granted the protest, in part, and reduced the total assessment to \$485,000, allocated as \$68,000 in land value and \$417,000 in improvement value. We note this reduction was against the advice of the Board of Review's Appraiser Analysis, which recommended no change.

Murrow then appealed to this Board reasserting his claims. He now asserts the correct assessment should be \$345,000, allocated \$68,000 to land and \$277,000 to improvements.

Murrow purchased the subject site in August 2009 for \$91,000, but this included a second lot to the rear, which is not part of this appeal. At hearing, Murrow testified that he felt a fair allocation of the price paid for the subject site, was \$68,000, with the remainder allocated to the rear site.

At hearing, Murrow estimated his site value as \$54,000 compared to the current assessment of \$68,000. Murrow considered three properties located in his development in support of his land value opinion. The properties are located at 2406, 2503, and 2400 NE Chevalia Court. He considered only the assessed value of the sites for these properties. The following chart summarizes these properties including the sales price of each lot. The subject site is highlighted.

¹ An E Grade is an Executive Grade that can be best described as a prestige building. They will exhibit extensive ornamentation or special design features of excellent quality material and workmanship.

Address	Assessed Value	Site Size (SF)	AV/SF	Sale Price	Sale Date	SP/SF
2406 NE Chevalia Ct	\$41,900	19,616	2.14	\$59,000	9/9/2010	\$3.01
2503 NE Chevalia Ct	\$39,000	12,000	3.25	\$58,000	8/29/2011	\$4.83
2400 NE Chevalia Ct	\$41,400	12,724	3.25	\$68,000	10/21/2011	\$5.34
2301 NE Chevalia Ct	\$68,000	16,604	4.10	\$68,000	8/18/2009	\$4.10

Murrow asserted his lot should be assessed at \$3.25 per square foot to be consistent with these sites located in his development. In essence, Murrow is contending his site is inequitably assessed. The properties indicate a sales ratio of 0.61 to 0.71; however, there is not enough information about the sites to determine if they are comparable. The subject site allows for a walk-out improvement, and we do not know if these sites offer that capability. Additionally, there is no information to determine whether the views for these sites are similar, superior, or inferior to the subject site. Finally, we note these sites were assessed when there were no improvements in place. The subject's assessment reflects an improved site.

Comparing the properties based on the market value (sale price) of the sites, it appears the subject is fairly assessed. However, this is also based on the assumption the sites are equal in topography and view. Because of the uncertainties, we ultimately give this information limited consideration.

Murrow submitted a one-page "house budget," which he claimed represented the cost of construction for his property. Murrow was the general contractor. The total actual cost indicated was \$275,098, which does not include the site value. Murrow testified this cost did not include overhead and profit, and we question if labor was adequately considered. He researched the market and obtained profit margins from two local builders, Gratiis Construction and Haskins Construction. He stated that both builders indicated current overhead and profit expectations of 8%. He added 8% overhead (roughly \$22,000) to his house budget costs and then rounded up to \$300,000 as his total improvement

costs. He then added the \$54,000 site value he opined, to result in a total value of \$354,000 by the cost approach.

We do not consider the house budget to be indicative of actual market costs. While these may be the actual costs incurred by Murrow, there was no evidence to demonstrate these costs are an accurate and typical measure of the cost to build a house, or that labor, overhead, and profit have been accounted for and accurately measured. Additionally, we find some of the line-item costs appear to be low given the size and grade of the subject property. For instance, we believe the cabinetry and countertops allowance of \$17,037 appears low when considering this would include the kitchen and four bathroom areas for an E grade home.

Murrow also provided six properties, all located in Grimes, that he considered comparable to his property. While he listed these properties in the equity section of the protest form, his testimony indicated he considered them as evidence for his market value claim. Murrow did not make adjustments to any of the properties.

The first property located at 409 NW 14th Street, sold in June 2010 for \$335,000; however, this sale was from a lending institution which appears to have obtained the property as the result of a foreclosure. Without an adjustment for this factor this sale would be considered an abnormal transaction, and would not be reflective of market value. Iowa Code § 441.21(1)(b).

The second property was located at 12398 NW 85th Avenue. It sold on September 29, 2010, for \$274,000 from a relocation company that had acquired it on September 23, 2010, for \$318,000. There is no explanation for why the property decreased in value by nearly \$45,000 in less than one week. As such, we do not consider this sale to represent market value.

The third property was located at 1200 NW Morningside Court. It sold on December 20, 2010, for \$218,500 on contract. Contract sales are abnormal unless adjusted. Iowa Code § 441.21(1)(b). It had a prior sale on November 4, 2010 for \$156,900. Additionally, we note this property had originally

sold in 2002 for \$239,900. Considering the most recent sales, there is no explanation for why this property increased over \$60,000 in roughly a six-week period of time. As such, we do not consider this sale to represent market value.

The fourth property was located at 801 NE Silkwood Court and sold in May 2010 for \$265,100. The fifth property located at 401 NW 12th Circle sold in December 2010 for \$320,000. And the final property located at 505 NW 13th Street sold in August 2010 for \$270,000. These three sales appear to be arms-length sales. However, all of these properties have inferior grades (3+5, 2-10, and 3+00 respectively), which are significantly less than the subject's E grade. Additionally, all are two-story homes compared to the subject's one-story design and none are located in the subject development. It does not appear the developments these properties are located in would reasonably compete with the subject development for buyers as they have more traditional residential sites based on the plat maps on the property record cards. Additionally, based on testimony the general values in these developments may be lower than the general values in the subject development. Ultimately, we give these properties limited consideration as they are not adjusted for differences compared to the subject property.

The Board of Review did not offer any additional evidence.

Based upon the foregoing, we find Murrow has failed to provide sufficient evidence to support either a claim of equity or over-assessment.

Conclusions of Law

The Appeal Board applied the following law.

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2011). This Board is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal

Board determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. § 441.37A(3)(a). The Appeal Board considers only those grounds presented to or considered by the Board of Review. § 441.37A(1)(b). But new or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. *Id.* "Market value" essentially is defined as the value established in an arm's-length sale of the property. § 441.21(1)(b). Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* If sales are not available, "other factors" may be considered in arriving at market value. § 441.21(2). The assessed value of the property "shall be one hundred percent of its actual value." § 441.21(1)(a).

To prove inequity, a taxpayer may show that an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shriver*, 257 Iowa 575, 133 N.W.2d 709 (1965). The six criteria include evidence showing

"(1) that there are several other properties within a reasonable area similar and comparable . . . (2) the amount of the assessments on those properties, (3) the actual value of the comparable properties, (4) the actual value of the [subject] property, (5) the assessment complained of, and (6) that by a comparison [the] property is assessed at a higher proportion of its actual value than the ratio existing between the assessed and the actual valuations of the similar and comparable properties, thus creating a discrimination."

Id. at 579-580. The gist of this test is the ratio difference between assessment and market value, even though Iowa law now requires assessments to be 100% of market value. § 441.21(1). Murrow

submitted limited evidence regarding an equity claim. The evidence was limited to that of the site value and not the total value of the subject property. We find the evidence is insufficient to support a claim of inequity.

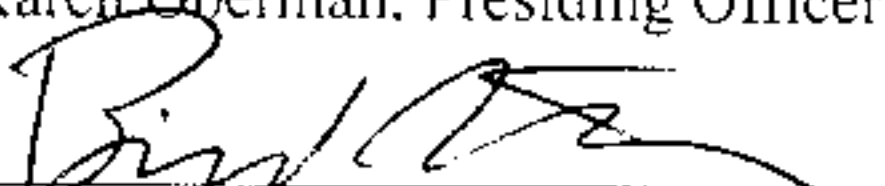
In an appeal that alleges the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(b), there must be evidence that the assessment is excessive and the correct value of the property. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995). Murrow offered six sales, but three out of the six are sales occurred as the result of foreclosure, contract or have questionable sales histories which limit their credibility as arms-length transactions. The remaining three properties have different styles, quality grades, and are in areas which may not be comparable to the subject's development. None of the sales were adjusted for differences compared to the subject. We find the preponderance of the evidence does not support this claim.

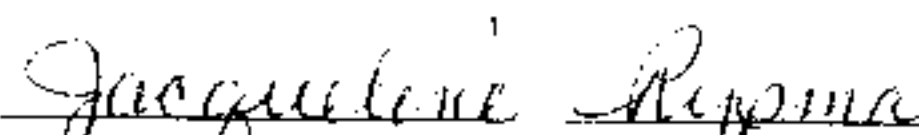
We therefore affirm the assessment of Brent Murrow's property as determined by the Polk County Board of Review, as of January 1, 2011.

THE APPEAL BOARD ORDERS the assessment of Brent Murrow's property located at 2301 NE Chevalia Court, Grimes, Iowa, of \$485,000, as of January 1, 2011, set by Polk County Board of Review, is affirmed.

Dated this 23 day of February, 2012.


Karen Oberman, Presiding Officer


Richard Stradley, Board Member


Jacqueline Rypma, Board Member

Cc:

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Certificate of Service	
The undersigned certifies that the foregoing instrument was served upon all parties to the above cause & to each of the attorney(s) of record herein at their respective addresses disclosed on the pleadings on <u>2-23</u> , 2012	
By:	<input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> FAX
	<input type="checkbox"/> Hand Delivered <input type="checkbox"/> Overnight Courier
	<input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Other
Signature	<u><i>[Handwritten Signature]</i></u>